

**Internal Control Assessment
FSA's Capital Assets Control and Physical Security**

Purpose

To ensure that proper control and physical security exist regarding FSA's capital assets.

Background

In accordance with the General Accounting Office (GAO), FSA is required to establish physical control to secure and safeguard vulnerable assets. FSA should maintain physical security and limit access to assets such as cash, securities, inventories, and capital equipment, which may be vulnerable to risk of loss or unauthorized use. A physical count of such assets should be completed and compared to the official accounting records. FSA must perform, at a minimum, annually, a physical inventory of its capital assets.

Access to resources is to be limited to authorized employees, and accountability for the custody and use of resources is to be assigned and maintained. Restricting access to resources is important to reduce the risk of unauthorized use or loss. Access to and accountability for highly vulnerable assets, can be achieved by: securing them in a secured area locked, assigning or having each document assigned a sequential number, assigning custodial accountability to responsible employees. FSA management must direct and communicate responsibility to specific employees for the custody and use of resources in achieving the specifically identified management directives.

Internal Control Standard

FSA must maintain adequate controls to safeguard its capital assets.

Assessment of FSA's Compliance*

We have reviewed and reconciled FSA's capital asset records to existing capital assets, and determined that X% of all listed capital assets in records are accounted for. FSA needs a better physical control and security over its capital assets.

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.